

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Holland Post Office
Holland, Iowa

Docket No. A2012-66

ORDER AFFIRMING DETERMINATION

(Issued February 23, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On November 14, 2011, Gary Stoehr, Jr. (Petitioner) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Holland, Iowa post office (Holland post office).² The Final Determination to close the Holland post office is affirmed.³

II. PROCEDURAL HISTORY

On November 30, 2011, the Commission established Docket No. A2012-66 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁴

On November 29, 2011, the Postal Service filed the Administrative Record with the Commission.⁵ The Postal Service subsequently filed a corrected administrative

² Petition for Review received from Gary Stoehr, Jr. regarding the Holland post office 50642, November 14, 2011 (Petition).

³ The Commission is divided, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁴ Order No. 1008, Notice and Order Accepting Appeal and Establishing Procedural Schedule, November 30, 2011.

⁵ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 29, 2011 (Administrative Record). The Administrative Record included, as Item No. 47, the Final Determination to Close the Holland, IA Post Office and Establish Service by Rural Route Service (Final Determination).

record.⁶ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁷

Petitioner filed a participant statement supporting his Petition.⁸ On January 24, 2012, the Public Representative filed comments.⁹ On February 7, 2012, the Public Representative submitted a response to the Postal Service's filing of the Corrected Administrative Record.¹⁰

III. BACKGROUND

The Holland post office provides retail postal services and service to 112 post office box customers. Final Determination at 2. One hundred twenty-four (124) delivery customers are served through this office. The Holland post office, an EAS-11 level facility, provides retail service from 7:45 a.m. to 10:15 a.m., Monday through Friday, and 7:45 a.m. to 9:15 a.m. on Saturday. Lobby access hours are 7:30 a.m. to 9:30 p.m., Monday through Friday, and 7:30 a.m. to 4:00 p.m. on Saturday. *Id.*

The postmaster position became vacant on June 30, 2010 when the Holland postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the office. Retail transactions average 12 transactions daily (12 minutes of retail workload). Post office receipts for the last 3 years were \$36,695 in FY 2008; \$31,578 in FY 2009; and \$25,078 in FY 2010. There is one permit or postage meter customer. *Id.* at 10. By closing this office, the Postal Service anticipates savings of \$36,525 annually. *Id.* at 9.

⁶ United States Postal Service Notice of Filing Corrected Administrative Record, February 6, 2012 (Corrected Administrative Record). The Corrected Administrative Record includes previously omitted Item No. 22, which consists of customer responses to Postal Service questionnaires and Postal Service response letters. Unless expressly stated otherwise, all citations to the record will be to the Corrected Administrative Record.

⁷ United States Postal Service Comments Regarding Appeal, January 9, 2012 (Postal Service Comments).

⁸ Participant Statement received from Gary Stoehr, Jr., December 27, 2011 (Participant Statement).

⁹ Comments of the Public Representative, January 24, 2012 (PR Comments).

¹⁰ Public Representative Response to Postal Service Notice of Filing Corrected Administrative Record, February 7, 2012 (PR Response).

After the closure, retail services will be provided by the Grundy Center post office located approximately 5 miles away.¹¹ Delivery service will be provided by rural route service to cluster box units (CBUs) through the Grundy Center post office. The Grundy Center post office is an EAS-18 level office, with retail hours of 8:30 a.m. to 4:30 p.m., Monday through Friday, and none on Saturday. One hundred (100) post office boxes are available. *Id.* The Postal Service will continue to use the Holland name and ZIP Code. *Id.* at 6, Concern Nos. 39 and 40.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the Holland post office. He contends that the Postal Service failed to adequately consider the economic savings resulting from the closure and failed to provide substantial evidence in support of the determination. Petition at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Holland post office. Postal Service Comments at 2. The Postal Service believes the appeal raises one main issue: the economic savings expected to result from discontinuing the Holland post office. *Id.* at 1. The Postal Service asserts that it has given this and other statutory issues serious consideration and concludes that the determination to discontinue the Holland post office should be affirmed. *Id.* at 2, 10.

The Postal Service explains that its decision to close the Holland post office was based on several factors, including:

- the postmaster vacancy;
- low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);

¹¹ *Id.* at 2. MapQuest estimates the driving distance between the Holland and Grundy Center post offices to be approximately 3.3 miles (6 minutes driving time).

- minimal impact on the community;
- expected financial savings; and
- minimal effect on employees.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Holland community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding economic savings, as well as the effect on postal services, the effect on the Holland community, and the effect on postal employees. *Id.* at 9.

Public Representative. In her original comments, the Public Representative addressed the issue of economic savings. PR Comments at 1-2. While she concluded that Petitioner has failed to justify a remand, she suggested that the Postal Service submit the customer questionnaires and Postal Service response letters in order to ensure that the Commission would have a complete copy of the record before it when it evaluated the appeal. PR Comments at 2-3. The Postal Service has filed those documents. See *generally* Corrected Administrative Record, Item No. 22.

After reviewing the Corrected Administrative Record, the Public Representative concludes that none of the concerns expressed in customer questionnaires justifies a remand. PR Response at 1. Nevertheless, the Public Representative suggests that because the Postal Service filed the Corrected Administrative Record after Petitioner had filed his Participant Statement, it might be appropriate for the Commission either to remand the Final Determination or to provide Petitioner with an opportunity to revise or supplement his Participant Statement in order to ensure that Petitioner can address any issues raised by the questionnaires. *Id.* at 2.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On May 4, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Holland post office. Final Determination at 2. A total of 230 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 70 questionnaires were returned. On May 19, 2011, the Postal Service held a

community meeting at Holland City Hall to address customer concerns. Forty-two (42) customers attended. *Id.*

The Postal Service posted the proposal to close the Holland post office with an invitation for comments at the Holland and Grundy Center post offices from June 27, 2011 through August 26, 2011. *Id.* The Final Determination was posted at the same two post offices from October 5, 2011 through November 6, 2011. Corrected Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

The Corrected Administrative Record. The Public Representative correctly points out that the Postal Service's filing of the Corrected Administrative Record after Petitioner had filed his Participant Statement effectively precluded Petitioner from addressing any issues that might have been presented by those portions of the record that were originally omitted. In appropriate cases, this procedural deficiency could require either a remand or the imposition of additional procedures in order to afford petitioners the opportunity to present additional arguments. This is not such a case. As the Public Representative notes, the arguments presented by Petitioner in his Participant Statement are identical to the arguments presented in his original Petition. PR Response at 2. Those arguments focus on the economic savings alleged by the Postal Service. *Id.* Therefore, it does not appear that Petitioner has been prejudiced by the omission of Item No. 22 from the Administrative Record as originally filed.

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Holland, Iowa is an incorporated community located in Grundy County, Iowa. Corrected Administrative Record, Item No. 16. The community

is administered politically by the mayor and the city council. Police protection is provided by the Grundy County Sheriff's Department. Fire protection is provided by the Holland Fire Department. *Id.* The community is comprised of farmers, retirees, the self-employed and commuters. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Corrected Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Holland community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Holland post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-8.

The Postal Service explains that the Holland community identity will be preserved by continuing the use of the ZIP Code and Holland name in addresses. Postal Service Comments at 8. The Postal Service further explains that nonpostal services will be available at the Grundy Center post office, and that regular and effective postal services will continue to be provided to the Holland community. *Id.*

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Holland postmaster retired on June 30, 2010 and that an OIC has operated the Holland post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 2, 9.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Holland post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Holland customers. Postal Service Comments at 6. It asserts that customers of the closed Holland post office may obtain retail services at the Grundy Center post office located 5 miles away. Final Determination at 2. Delivery service will be provided by rural route service to CBUs through the Grundy Center post office. *Id.* The Holland post office box customers may obtain Post Office Box Service at the Grundy Center post office, which has 100 boxes available. *Id.*

For customers choosing not to travel to the Grundy Center post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 6. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

The Public Representative notes that while the Grundy Center post office has only 100 post office boxes available to accommodate the 112 Holland post office box customers, the Holland post office box customers will continue to receive regular and effective service because CBUs will be made available. PR Comments at 2. There is no cost to customers for the CBUs and CBU placement would take into consideration safety and property availability. Postal Service Comments at 6.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$36,525. Final Determination at 9. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$3,600) minus the cost of replacement service (\$11,111). *Id.*

Petitioner challenges the accuracy of the Postal Service's estimated economic savings. He argues that the economic savings calculation should be based on the current OIC salary, not the postmaster salary, and should include future maintenance and snow removal costs for the CBUs. Petition at 1. Petitioner also suggests as an

alternative cost savings measure locating the CBUs in a Holland building such as City Hall. *Id.*

The Holland post office postmaster retired on June 30, 2010. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. *Id.* at 9. The postmaster position and the corresponding salary will be eliminated. As the Postal Service notes, “[the] economic savings calculation conducted as a part of a discontinuance study is forward-looking...If the Holland Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be shown for a postmaster.” Postal Service Comments at 5. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Holland post office has been staffed by an OIC for approximately 18 months, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Public Representative also notes that the Holland facility lease does not expire until December, 2014, and does not contain a 30-day cancellation clause. PR Comments at 2 (*citing* Corrected Administrative Record, Item No. 18). Therefore she argues that the additional ongoing lease costs should be factored into the net annual savings estimate. *Id.* at 2. She concedes, however, that the Postal Service appears to have satisfied the requirement that it consider economic savings. *Id.* at 1-2. The Postal Service has satisfied the requirements of section 404(d)(2)(A)(iv).

Lastly, Petitioner suggests locating a postal facility in the Holland City Hall, thereby reducing lease costs. Petition at 1. The Postal Service contends, however, that carrier service coupled with service at the Grundy Center post office will yield economic savings and provide effective and efficient service to the Holland community. Postal Service Comments at 5.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Holland post office is affirmed.¹²

It is ordered:

The Postal Service's determination to close the Holland, Iowa post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

¹² See footnote 3, *supra*.

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Holland post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on June 30, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Further, the Commission has often expressed a concern—and I have consistently expressed the concern—that the maintenance of adequate service

requires providing an adequate number of post office boxes in the receiving facility. The Holland post office provides service to 112 post office box customers, yet the substitute post office in Grundy Center has only 100 post office boxes available. In addition, the Holland post office currently offers retail service on Saturday morning, while the post office in Grundy Center has no Saturday retail service. The Postal Service has not explained in this record why the elimination of Saturday retail service for these customers is warranted.¹ Thus, the record does not show that the Postal Service has sufficiently considered the issues raised by customers concerning the provision of effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Holland, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

¹ In fact, the Postal Service has elsewhere publicly offered Saturday retail service as a basis in part for its proposed elimination of Saturday delivery services.

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The current lease does not terminate until December, 2014, and does not have a 30-day termination clause. Administrative Record, Item 15 at 1. The Postal Service should note that any savings from the lease will not be realized for nearly 3 years.

In addition, the Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since June 2010, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Holland post office and should be remanded.

Nanci E. Langley